

Message Text

SECRET

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ACTION EUR-10

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00 USIE-00

SS-14 NSC-10 L-02 SCEM-01 CIAE-00 INR-10 NSAE-00

RSC-01 ACDA-10 OMB-01 SPC-01 COME-00 TRSE-00 NEA-06

DRC-01 PM-03 PRS-01 EB-03 EA-13 /088 W
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O R 211654Z NOV 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 5736
INFO DOD WASHDC
USCINCEUR
CINCUSAFE
CINCUSNAVEUR

S E C R E T LONDON 13616
LIMDIS
FOR SECRETARY FROM AMBASSADOR

E.O. 11652: GDS
TAGS: MARR, MOPS, ENRG, US, UK
SUBJECT: REDUCTION IN PETROLEUM SUPPLIES FOR US FORCES
IN UK
REF: BONN 16817; CINCEUR MSG ECDC 19543 DTG 201326
NOV 73

1. ON 20 NOV NAVEUR BROUGHT TO EMBASSY'S ATTENTION A
NUMBER OF INDICATIONS IT HAD RECEIVED THAT ESSO -- A
MAJOR SUPPLIER OF PETROLEUM PRODUCTS TO US FORCES IN THE
UK -- WAS CUTTING ITS DELIVERIES TO US MILITARY INSTAL-
LATIONS WELL IN EXCESS OF THE 10 PERCENT ORDERED BY THE

GOVERNMENT THIS WEEK. SUBSEQUENT CONVERSATIONS WITH
NAVEUR AND 3RD AF HEADQUARTERS INDICATE THAT THIS INDEED
IS THE CASE AND THAT ESSO DELIVERIES IN NOVEMBER ARE
RUNNING 0-30 PERCENT OF AMOUNTS CONTRACTED FOR. EARLIER
TODAY, I RECEIVED AN APPEAL FROM GENERAL EADE FOR AS-
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SISTANCE IN LIMITING SUCH REDUCTIONS TO THAT BEING AB-

SORBED BY OTHER CONSUMERS IN THE UK.

2. MEMBERS OF MY STAFF MET EARLIER TODAY WITH JOHN CLARK, EXECUTIVE VICE PRESIDENT OF ESSO EUROPE, TO CLARIFY THE SITUATION. CLARK CONFIRMED THE EXXON INTERNATIONAL DECISION TO CUT BACK DELIVERIES TO US MILITARY FORCES AND FACILITIES ABROAD BY THE PERCENTAGE TO WHICH THOSE FORCES IN THE PAST HAVE BEEN SUPPORTED FROM PRODUCTS DERIVED FROM SAUDI CRUDE. HE SAID SUCH REDUCTIONS RANGED IN PERCENTAGE FROM 56 IN JAPAN, 60 IN ITALY, 63 IN FRG, 70 IN THE UK, 76 IN GREECE, AND 86 IN THE NETHERLANDS TO 100 PERCENT (UNDER GOVERNMENT ORDERS) IN SINGAPORE, THAILAND AND THE PHILIPPINES. CLARK SAID THE NECESSITY FOR SUCH CUTS HAD BEEN DISCUSSED WITH THE DEFENSE FUEL SUPPLY COMMITTEE (DFSC) ON 26 OCTOBER AND THAT EXXON INTERNATIONAL (THE CONTRACTOR) HAD NOTIFIED DFSC ON 9 NOVEMBER THAT IT HAD DIRECTED ITS INTERNATIONAL SUBSIDIARIES AND AFFILIATES TO MAKE THESE REDUCTIONS ON ALL DELIVERIES EFFECTIVE 6 NOV 1973.

3. MR. CLARK INDICATED THAT EXXON'S "HANDS ARE TIED" IN THIS SITUATION, FOR SAUDI PERSONNEL ARE MONITORING ALL INVOICES AND MANIFESTS IN DHAHRAN (AND PRESUMABLY AT CRITICAL POINTS ELSEWHERE). HE SAID EXXON IS EXTREMELY CONCERNED THAT THE SAUDIS REMAIN CONVINCED IT IS IMPLEMENTING THE EMBARGO FAITHFULLY AND, THEREFORE, EXXON HAS GIVEN NO THOUGHT TO MEASURES IT MIGHT OTHERWISE TAKE TO SHIFT SOURCES OR EVADE ARAB BOYCOTT INSTRUCTIONS. IN THIS CONNECTION HE NOTED EXXON'S HEAVY DEPENDENCE ON MIDDLE EASTERN SOURCES OF CRUDE. ACCORDINGLY WHILE CLARK WAS SYMPATHETIC AND OFFERED TO LOOK INTO ANY CASES WHERE LOCAL SUPPLIERS ARE PROVIDING LESS THAN 30 PERCENT OF USUAL ORDERS, HE SEES NO WAY THAT ESSO EUROPE CAN HELP US MEET FUEL SHORTFALLS FOR US FORCES IN EUROPE. INDEED,

HE INDICATED THAT FURTHER CUTS MIGHT HAVE TO BE MADE AFTER EXXON AND ESSO REASSESS THEIR SUPPLY POLICY IN THE LIGHT OF TOTAL OIL AVAILABILITY AS THE POSSIBILITIES OF OTHER OFFTAKE RESTRICTIONS BECOME CLEARER.

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4. WE WILL BE MEETING WITH REPRESENTATIVES FROM NAVEUR TODAY AND 3RD AF LATER THIS WEEK IN AN EFFORT TO ESTABLISH THE DIMENSIONS OF THE PROBLEM AND DEVELOP MEASURES TO CUSHION ITS IMPACT. I STRONGLY RECOMMEND THAT THE DEPARTMENT -- IN COLLABORATION WITH DOD -- MEET URGENTLY WITH EXXON INTERNATIONAL WITH A VIEW TO FINDING WAYS TO MINIMIZE THE IMPACT OF SAUDI OIL EMBARGO ON OUR MILITARY FORCES HERE. IF THESE DISCUSSIONS ARE NOT PRODUCTIVE,

REQUEST YOU ADVISE SOONEST WHAT STEPS DOD IS TAKING TO MEET THIS PROBLEM. UNLESS EARLY ACTION IS TAKEN ON THIS MATTER, THE EFFECTIVENESS OF OUR FORCES AND THE PERFORMANCE OF OUR SENSITIVE FACILITIES THROUGHOUT THE UK SEEM CERTAIN TO SUFFER.

ANNENBERG

NOTE BY OC/T: LIMDIS CAPTION ADDED BY S/S-O:MR. NEWLIN

SECRET

NNN

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